

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PA-02 PRS-01 USIA-15 FEA-01 AEC-07

AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-06

FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-04 SP-02 SS-15 STR-04 TRSE-00

FRB-01 /107 W

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R 291740Z OCT 74

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 4938

INFO AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY HELSINKI

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

COMICEDEFOR

CINCLANT

USMISSION NATO

UNCLAS REYKJAVIK 1467

E.O. 11652: N/A

TAGS: EEWT ETRD ENRG IC UR

SUBJECT: ICELANDIC TRADE MINISTER FLIES TO RUSSIA TO DISCUSS OIL
PROBLEM

1. OLAFUR JOHANNESSEN, MINISTER OF COMMERCE LEFT FOR MOSCOW
ON OCTOBER 27 FOR TALKS ON TRADE BETWEEN ICELAND
AND THE USSR. A DELEGATION OF THE SECRETARY GENERAL OF COMMERCE
AND REPRESENTATIVES OF THE THREE OIL COMPANIES HERE PRECEDED
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HIM BY ABOUT A WEEK. THE FOLLOWING IS AN EXTRACT FROM THE NEWS-

PAPER MORGUNBLADID OF OCTUBER 27:

2. "THINGS STAND VERY BADLY", SAID OLAFUR, "WE HAVE A GIGANTIC DEBT AND OWE THE RUSSIANS BETWEEN 3 AND 4 BILLION KRONUR (US\$1 EQUALS 118 KRONUR) NOW REGRETFULLY, AND THE OUTLOOK ISN'T PROMISING. THE CHIEF AIM OF THIS TRIP IS TO DISCUSS TRADE AFFAIRS, BOTH THIS DEBT AND ALSO INCREASED TRADE. THE RUSSIANS HAVE BEEN ESPECIALLY NICE CREDITORS UP TO NOW, BUT IT IS NOT TO BE EXPECTED THAT THIS CAN BE LEFT TO GO ON... WE HAVE A TREMENDOUS INTEREST IN INCREASING OUR EXPORTS TO THEM, EXPORTS OF FISH PRODUCTS AND OTHER GOODS, AND ALSO TO TRY TO REDUCE THIS DEBT. THIS DEFICIT IS FIRST AND FOREMOST LINKED TO THE OIL TRADE AND THAT EXPLOSION (SIC) WHICH HAPPENED THERE, BUT IT IS ALSO BECAUSE WE SOLD LESS TO RUSSIA THAN PLANNED. THESE ISSUES ARE ALL AT THE DISCUSSION STAGE AND THEREFORE IT IS DIFFICULT TO SAY ANYTHING DEFINITE."

3. ...JOHANNESSON IS DUE BACK SATURDAY BUT ON THIS TRIP HE WILL ALSO ATTEND THE GENERAL MEETING OF EFTA IN HELSINKI. EMBASSY COMMENT: PRESUMABLY "EXPLOSION" REFERS TO INCREASED OIL PRICES.

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